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PRS-01 PM-03 DODE - ØØ BNDD-05 AID-10 E-Ø3 EUR-10

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PIR 191110Z JAN 72 FM AMEMBASSY NEW DELHI TO SECSTATE WASHDC PRIORITY 5392 INFO AMCONSUL BOMBAY AMCONSUL CALCUTTA AMCONSUL DACCA AMEMBASSY ISLAMABAD AMCONSUL MADRAS AMEMBASSY SAIGON PRIORITY

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SUBJ: FONSEC'S INITIATIVE FOR IMPROVED INDO-US RELATIONS POL INDIAUS REF: A) NEW DELHI 0642: B) NEW DELHI 300 (NOTAL) Pol Mari

1. SUMMARY. I RECOMMEND I BE AUTHORIZED TO TELL GOI WE RECIPROCATE THEIR INTEREST IN IMPROVED RELATIONS AND THAT A POLICY REVIEW IS IN PROCESS IN WASHINGTON WITH MANY CURRENT PROBLEMS IN MIND. I WOULD ALSO LIKE TO MAKE ADDITIONAL POINT (SPEAKING OFFICIALLY OR PERSONALLY) THAT NEITHER COUNTRY CAN AFFORD TO WAIT FOR COMPLETION OF REVIEW TO TAKE STEPS, HOWEVER SMALL, WHICH MIGHT IMPROVE TONE AND SUBSTANCE OF BILATERAL RELATIONS. AMONG THESE ARE COOPERATION ON INTERNATIONAL CONVENTIONS (E.G., NARCOTICS), CESSATION OF OFFICIALLY INSPIRED CRITICISM OF OTHER COUNTRY, REMOVAL OF BILATERAL IRRITANTS WHERE POSSIBLE, AND DISCUSSION OF PARTS OF 1971 AID PROGRAM. WHEN US POLICY

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REVIEW COMPLETED, US WOULD FAVOR EARLY SCHEDULING OF BILATERAL TALKS AS FORUM BEST SUITED TO FRANK REVIEW OF BILATERAL RELATIONS AND PROBLEMS. (I HOPE WASHINGTON AGENCIES WILL COMPLETE POLICY REVIEW AS QUICKLY AS POSSIBLE, INCLUDING US RELATIONS WITH BANGLADESH, WITH CAREFUL CONSIDERATION IN PROCESS OF RECOMMENDATIONS MAKE IN NEW DELHI 300). ACTION REQUESTED: COMMENT ON RECOMMENDED RESPONSE TO INDIAN INITIATIVE ON IMPROVED RELATIONS. END SUMMARY.

2. WE REMAIN UNSURE AS TO WHAT EXACTLY MOTIVATED FOREIGN SECRETARY S OVERTURE AT THIS TIME TO RESTORE INDO-US RELATIONS TO MORE NORMAL STATE. AMONG POSSIBLE FACTORS INFLUENCING TIMING OF DECISION ARE: A) REALIZATION OF NEED FOR US PARTICIPATION IN RECONSTRUCTION BANGLA DESH (DESPITE KAUL'S DIE HIGHER PLANS UNQTE APPROACH): B) DESIRE TO DEMONSTRATE TO MOSCOW THAT GOT MAINTAINS OPTIONS WITH US: AND C1 CONCERN THAT US WILL OFFER PAKISTAN SUBSTANTIAL NEW ECONOMIC CREDITS AND POSSIBLE MILITARY ASSISTANCE TO OFFSET LOSSES SUFFERED IN 14-DAY WAR. REGARDLESS OF MOTIVATION, HOWEVER, I FEEL INDIAN INITIATIVE SHOULD BE WELCOMED AND WE SHOULD BEGIN PROBING TO SEE HOW FAR GOT PREPARED TO GO IN PURSUIT OF IMPROVED RELATIONS. US NATIONAL INTEREST, IT SEEMS TO ME, REQUIRES THAT APPARENT INDIAN INTEREST IN AVOIDING EXCESSIVE SOVIET INFLUENCE (NEW DELHI 630) NOT BE REBUFFED BY EXCESSIVE DELAY IN POSITIVE US RESPONSE TO THIS APPROACH. TWO COURSES OF ACTION SEEM POSSIBLE: A) POSITIVE RESPONSE TO EXPRESSED INDIAN DESIRE FOR IMPROVED RELATIONS ALONG WITH SPECIFIC PROPOSALS FOR FIRST STEPS TO BE TAKEN BY BOTH COUNTRIES (SEE PARA 3 BELOW: OR B) POSITIVE GENERAL RESPONSE ACCOMPANIED BY SUGGESTION THAT SPECIFIC PROPOSALS SHOULD COME FROM GOI.

3. I BELIEVE MINIMUM RESPONSE TO INDIAN INITIATIVE IS TO RECIPROCATE THEIR INTEREST IN IMPROVED RELATIONS, WHILE PROBING REALITIES OF THIS INITIATIVE. RECOGNIZING THAT POLICY REVIEW WILL NECESSARILY TAKE SOME TIME (STATE 6586), I COULD DISCUSS (SPEAKING PERSONALLY OR OFFICIALLY AS DEPARTMENT DESIRES) CERTAIN INTERIM STEPS TO IMPROVE TONE AND SUBSTANCE OF INDO-US RELATIONS, WHICH WOULD REQUIRE POSITIVE ACTION ON PART OF BOTH GOVERNMENTS AS EARNEST OF THEIR MUTUAL DESIRE FOR IMPROVEMENT. AMONG THEM ARE:

A) US ACCEPTANCE OF BANGLADESH: US ACTION WHICH WOULD BRING GREATEST AND MOST DRAMATIC IMMEDIATE RETURN WOULD BE DIPLOMATIC

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RECOGNITION OF BANGLADESH. HOWEVER, I RECOGNIZE THIS MAY NOT BE FEASIBLE IN NEXT FEW MONTHS. NONETHELESS, WE COULD TELL INDIANS THAT WE ACCEPT REALITY OF BANGLADESH AND DEPARTMENT COULD PROVIDE SOME CREDIBLE EXPLANATION WHY EARLY RECOGNITION IS NOT POSSIBLE.

BI DISCUSSION OF FY 1971 AID PROGRAM: GOI SEES HOLD ON \$87
MILLION PROGRAM LOAN AS PUNITIVE AND POLITICAL AND HAS REACTED
ACCORDINGLY. WE CANNOT WISELY AND WITH DIGNITY IGNORE HIGH-LEVEL
INDIAN STATEMENTS REFLECTING ADVERSELY ON NEED AND EFFECTIVENESS
OF US AID, BUT WE CAN RAISE WITH GOI IMPLICATIONS OF THESE
STATEMENTS, PROBE THEIR ATTITUDES ON RESTORATION FY-71 LOAN
(WHICH WE CONSIDER US COMMITMENT) AND HOPEFULLY REMOVE
PUNITIVE STIGMA PRESENTLY ATTACHED TO OUR ACTION (INDIANS
REMEMBER AND REPEAT THE SECRETARY'S STATEMENT TO SWARAN SINGH
LAST SUMMER, APROPOS OF ASSISTANCE TO PAKISTAN, THAT US DOES
NOT USE AID FOR POLITICIAL PURPOSES). WE ASSUME THAT, SINCE US
PRESS HAS NOW PUBLISHED MORE PRECISE DESCRIPTION SCOPE OF
AID SUSPENDED AND FACT THAT BULK OF ECONOMIC ASSISTANCE TO
INDIA STILL FLOWING, DEPARTMENT WILL HAVE NO OBJECTION TO OUR
CONVEYING THIS INFORMATION TO GOI. WE SHOULD MAKE CLEAR DURING

OUR DISCUSSIONS THAT WHILE NATURE POST-FY 71 AID PROGRAMS WILL DEPEND UPON RESULTS OF US POLICY REVIEW, US CONGRESSIONAL SENTIMENT AND SUBSEQUENT TALKS WITH GOI, WE ARE ANXIOUS TO ARRIVE AT MUTUALLY SATISFACTORY DISPOSAL OF QTE SURPLUS RUPEE UNGTE PROBLEM AND WE BELIEVE CURRENT TECHNICAL ASSISTANCE PROGRAM MUST BE ANALYZED CAREFULLY TO INSURE THAT ONLY THOSE PROJECTS OF MUTUAL INTEREST TO BOTH COUNTRIES ARE BEING CONTINUED.

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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 5393
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL DACCU
AMEMBASSY ISLAMABAD
AMCONSUL MADRAS
AMEMBASSY SAIGON PRIORITY

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C) INTERNATIONAL CONVENTIONS: INDO-US CONSULTATION AND COOPERATION IN THIS AREA WOULD CONTRIBUTE SHORT AND LONGER TERM TO IMPROVED RELATIONS. FOR EXAMPLE, GOI SUPPORT FOR OR ACQUIESCENCE IN US PROPOSED OR SUPPORTED AMENDMENTS TO SINGLE CONVENTION ON NARCOTIC DRUGS (GENEVA 129) WOULD CONSTITUTE IMPORTANT EARNEST OF INDIAN DESIRE FOR IMPROVED BILATERAL RELATIONS.

IN MY DISCUSSIONS HERE I HAVE MADE GOI WELL AWARE OF THE HIGH PRIDRITY WHICH RRESIDENT NIXON ATTACHES TO NARCOTICS CONTROL AND NELSON GROSS REEMPHASIZED THIS TO THE INDIANS. AS THEY EXPLAINED TO GROSS, INDIANS HAVE SOME DIFFICULTIES WITH THE PROPOSED AMENDMENTS. GOI COOPERATION AT ECOSOC PLENIPOTENTIARY CONFERENCE AT GENEVA MARCH 6-24, OR EVEN BETTER SUPPORT PROPOSED AMENDMENTS, WOULD GIVE US GOOD BEGINNING

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IN AREA OF TOP DOMESTIC AND FOREIGN POLICY PRIORITY FOR US AND SERVE AS IMPORTANT INDIAN STEP TO IMPROVE GOI STANDING IN OUR EYES.

D) BILATERAL IRRITANTS: AS NOTED IN POLICY ASSESSMENT (REF B), WE NEED BETTER COMMUNICATIONS WITH INDIA. WHILE PRESS OF BOTH COUNTRIES IS FREE, WE CAN AVOID OFFICIALLY INSPIRED CRITICISM OF ONE ANOTHER AND SHOULD SUGGEST THIS TO GOI. WE CAN MAKE POINT THAT REPORTS CONTINUE TO REACH EMBASSY THAT MEA SPOKESMAN BADLY SLANTS AND DISTORTS US ACTIONS, MOTIVATIONS AND INTENTIONS. WE MIGHT ALSO CITE AMERICAN INTERNATIONAL SCHOOL PROBLEM AS ONE SUSCEPTIBLE
OF EARLY SOLUTION (ESPECIALLY IN VIEW OF CONGRESSIONAL CONSULTATIONS TO OBTAIN NEEDED SURPLUS RUPEE FUNDING. STATE 232610). REMOVAL OF SUCH IRRITANTS WOULD SMOOTH WAY FOR SUBSEQUENT BILATERAL TALKS ON WIDER RANGING MATTERS.

- E) MILITARY SALES AND MAP TRAINING: WE SHOULD REVIEW CANDIDLY REASONS FOR US SUSPENSION, INFORM GOT MAP TRAINING AND EAST/WEST HIGHWAY PROGRAMS CAN CONTINUE AND NOTE THAT US IS CONSIDERING INDIAN REQUEST FOR CONTINUATION PEACE INDIGO AND AMMUNITION PROJECTS (STATE 7234), APART FROM POLICY REVIEW.
- 4. DEPARTMENT'S SUGGESTIONS FOR ADDITIONAL OR ALTERNATIVE STEPS OF SPECIFIC NATURE WILL BE WELCOMED.
- 5. IF, ALTERNATIVELY, DEPARTMENT WISHES ME TO LIMIT RESPONSE AT THIS TIME TO RECIPROCATING INDIA'S DESTRE FOR IMPROVED RELATIONS AND SOLICITING THEIR SUGGESTIONS, I WOULD STILL APPRECIATE...
 TO KEEP DIALOGUE ALIVE.-DEPARTMENT'S SUGGESTIONS AS TO COMMENTS I MIGHT MAKE ON THESE OR ANY OTHER POINTS OF INTEREST TO WASHINGTON. GP.3.
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